



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Cedar City Field Office
176 East DL Sargent Drive
Cedar City, UT 84720
Telephone (435) 586-2401
www.ut.blm.gov/cedar_city/



In Reply Refer To:
UT-042
3809, UTU-82963

October 27, 2008

Mr. David Penney
Penney's Gemstones, LLC
P.O. Box 312
Beaver, UT 84713

OCT 29 2008

Dear Mr. Penney:

On May 12, 2008, this office received your incomplete notice of intention to conduct bulk sampling on the Sliver #1-2 lode mining claims, located in Lincoln Wash, Beaver County, Utah. My letter to you dated May 20, 2008, identified the notice deficiencies and you satisfactorily corrected those deficiencies through additional submissions and information received on October 2, 2008.

The notice proposes bulk sampling of Picasso marble to be test marketed as lapidary and sculpting material. The sampling will be carried out using a tracked excavator and would be conducted on an intermittent basis throughout the year. Access to the project areas would be via existing roads and trails and cross country travel. The project work is estimated to disturb up to one acre of land in the identified project areas. BLM has assigned file UTU-82963 to cover the project disturbances. Please use this number in all future correspondence with this office.

The notice has been reviewed for completeness and compliance with the 43 CFR 3809 regulations, and for possible conflicts with sensitive plants and animals and cultural resources for any proposed disturbances on BLM-managed land. The notice was accepted as complete and no resource conflicts were identified in the notice review.

This office, in consultation with the Division, has determined that the proposed work will require the posting of a \$6,300.00 reclamation bond to secure 3rd party reclamation of the proposed disturbances. This bond amount was derived utilizing the Division's current reclamation fee schedule for small scale exploration and mining activities Statewide. As soon as you have posted the bond amount with either the Division or the BLM Utah State Office, and have received written acceptance from them, you are approved to proceed with the project.

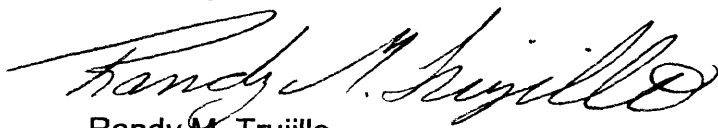
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The notice is only valid for two years unless timely extended under 43 CFR 3809.333. The reclamation bond will be released as soon as the reclamation plan provided in the notice is carried out. To the extent that they do not contradict the operating and reclamation plan in your notice, the operating practices and reclamation standards enclosed apply to the disturbances to be made under this notice.

Please be advised that the work to be performed under this notice is regulated by the Utah Division of Oil, Gas, and Mining (DOGM). You must receive written acceptance of your exploration permit from DOGM before commencing active operations on your project area.

If you have any questions, feel free to contact Ed Ginouves of my staff at (435) 865-3040.

Sincerely,

A handwritten signature in cursive script, appearing to read "Randy M. Trujillo".

Randy M. Trujillo
Associate Field Office Manager

cc: Tom Munson, Senior Reclamation Specialist, DOGM

Enclosure: CCFO Standard Operating Practices and Reclamation Standards

RECLAMATION STANDARDS
for
Exploration/Mining Activities, BLM Cedar City Field Office

1. At the earliest feasible time, the operator will reclaim the area disturbed, except to the extent necessary to preserve evidence of mineralization. Reclamation will include reasonable measures to prevent or control onsite and offsite damage of public lands.
2. Reclamation will include but not be limited to:
 - a. Saving topsoil (top 3 to 6 inches) for final application after reshaping of disturbed areas.
 - b. Controlling erosion, landslides, and water runoff.
 - c. Isolating, removing, or controlling toxic materials.
 - d. Reshaping disturbed areas, applying topsoil, and revegetating where reasonably practicable.
 - e. Controlling noxious weeds invading the site.
 - f. Rehabilitating fisheries and wildlife habitat.
3. Access roads, unless otherwise approved by the authorized officer, will be closed by reshaping the disturbed area to near original contours, scarifying where compaction prevents seed covering, and revegetating with the mixture specified below. Water bars will be placed on steep inclines and access blocked to future vehicular traffic.
4. Unless otherwise approved in the acceptance of the notice, all high walls or material piles will be recontoured to slopes not steeper than 3:1 and revegetated using the recommended mixture.
5. Authorized pits with high walls in excess of 4 feet will be fenced or barricaded to protect unsuspecting public land users from injury. All shafts and adits will be covered or blocked to prevent unauthorized or accidental entry.
6. Seeding of disturbed areas will be done between September 30 and December 15. Seed should not be placed on top of deep snow. Seed beds will be prepared to a depth of 6 inches by ripping, disking, or harrowing. Seed will be planted with a rangeland or farm drill or broadcast seeded. If broadcast seeded, the seed will be harrowed or raked $\frac{1}{4}$ to $\frac{1}{2}$ inch into the soil. The seed amount described below will be doubled if the area is broadcast seeded. The recommended seed mixture to be used on all disturbed areas if applied by a drill includes:

Blue-bunch wheatgrass	2 lb / acre
Indian ricegrass (var. Nezpar)	1 lb / acre
Smooth brome grass	1 lb / acre
Pubescent wheatgrass	1 lb / acre
Small Burnet	1 lb / acre
Fourwing saltbush	$\frac{1}{2}$ lb / acre
Bitterbrush	$\frac{1}{2}$ lb / acre
Lewis Flax	$\frac{1}{2}$ lb / acre
Palmer Penstemon	$\frac{1}{2}$ lb / acre
7. All hazardous tailing dumps, materials or substances produced by the operation will be disposed of in accordance with applicable federal and state laws. All waste, debris, buildings, and materials will be removed from the site and deposited at appropriate waste facilities.
8. All dry drill holes will be plugged with uncontaminated native material to a depth of 5 feet. The top 5 feet will be plugged with cement. Drill holes which encounter water will also be cemented from at least 50 feet below to 50 feet above the saturated zone. The location, depth, and relative flow rate of any subsurface water encountered will be reported to the authorized officer.
9. Additional reclamation requirements may be needed on a case-by-case basis. These additional requirements will be issued by the authorized officer after consultation with the operator.
10. The authorized officer will be notified within 10 days of final reclamation.

STANDARD OPERATING PROCEDURES
for
Exploration/Mining Activities, BLM Cedar City Field Office

1. Existing road access will be used whenever possible. Access will be planned for the minimum width needed for operations and will not exceed 16 feet in width. Roads will follow natural contours where practicable to minimize the need for cut and fill. The cuts from construction or improvement of access will be less than 3 feet on the inside edge. The authorized officer will be notified of any exceptions before construction begins.
2. Disturbance of existing vegetation will be held to the minimum necessary for the operation. Large vegetation such as pinion and juniper trees will be avoided whenever possible.
3. If cultural resources are encountered, including all historic or prehistoric artifacts or structures, the operator will immediately suspend operations and report the findings to the BLM field office. It is the responsibility of the operator to ensure there is no removal or destruction of historic and prehistoric remains on public lands.
4. If an endangered species is encountered, the operator will avoid the species and immediately inform the BLM field office. Wild horses, wildlife and livestock will not be harassed.
5. All sites will be kept in a safe, clean, and environmentally stable condition. Any hazardous materials used in the operation must be pre-approved by BLM personnel and kept in approved safe containers. The BLM field office will be immediately notified of any spills or accidents involving hazardous materials.
6. Water from stock-water reservoirs, springs, and wells will not be used for operations unless prior approval has been granted by the individual or agency responsible for the water rights of the source.
7. All official survey monuments, witness corners, reference monuments, bearing trees, etc., will be protected against destruction, obliteration or damage. Current mining claim markers will also be protected. When mining or exploration activities are concluded, the operator will remove all operation survey markers, stakes, flagging, etc., which are not needed for ongoing activities.
8. Wet roads should be avoided when ruts of two inches or deeper will result from road use. The operator will be responsible for reconditioning public roads used under these conditions.